

May 2011

The Honorable John Boehner  
Speaker, U.S. House of Representatives  
Washington, DC 20515

The Honorable Eric Cantor  
Majority Leader, U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Speaker and Mr. Leader,

The fast-approaching debt ceiling vote gives us an opportunity to make a bold statement to the American people about what direction we want our country to go. Further, given the condition of the country's finances, it is imperative to the future of the country that we fight for an immediate shift toward fiscal responsibility. Consider these staggering facts:

- The debt held by the public has more than doubled in the past 5 years.
- The interest paid on the debt is currently projected to more than triple over the next 10 years and may alone consume all of our tax revenues by the middle of this century.
- Several weeks ago, PIMCO, a management company handling \$1.2 trillion in assets, dumped all of its U.S. government debt holdings; its cofounder William Gross saying that regardless of borrowing authority, unless spending is curtailed, the government will in essence default on its debt by "picking the pocket of savers."
- In April, for the first time since 1941, Standard & Poor's (S&P) revised its outlook on the United States credit rating from stable to negative, citing the fear that Congress will fail to address the nation's medium- and long-term budgetary challenges.
- As China considers ceasing its purchase of U.S. debt securities, the International Monetary Fund has forecasted that the size of China's economy will surpass that of the United States in 2016, effectively ending the "Age of America."

Put in the context of the above facts, we believe the willingness of our conference to pursue bold solutions to Washington's spending problems can breathe new life into the "Age of America".

We must state unequivocally that we will not vote for a "clean" debt ceiling increase. We share your belief, as articulated in your speech in New York on May 9<sup>th</sup>, Mr. Speaker, that if we do not reverse the out-of-control spending that has led us here, it would be grossly irresponsible for us to extend the limit on the national credit card.

We look forward to working together with you and our entire Republican team on developing bold solutions for reducing spending and reforming the way Washington budgets and spends taxpayer dollars. Following are some solutions that we know will achieve this goal.

1. Americans deserve immediate spending cuts that demonstrate that we are charting a swift path toward a balanced budget. We must implement **discretionary and mandatory spending reductions that would cut the deficit in half next year.**
2. To ensure that spending cuts continue, we need **statutory, enforceable total-spending caps to reduce federal spending to 18% of Gross Domestic Product (GDP)**, with automatic spending reductions if the caps are breached--an approach taken in a bill by Rep. Mack and in another bill by Reps. Kingston, Flake, and Graves.
3. To fundamentally and permanently reform the way that Washington budgets and spends, we must send to the states **a Balanced Budget Amendment (BBA) with strong protections against federal tax increases and including a Spending Limitation Amendment (SLA)** like the statutory spending caps described above. Rep. Joe Walsh has introduced a BBA with a spending limit provision (H.J.Res. 56) that has already earned the support of 47 Republican senators.

We believe it is prudent to limit the extension of borrowing authority as much as possible, in order to demand accountability from Senate Democrats and the Obama Administration.

With each passing day our nation's fiscal health gets worse, leaving our children and grandchildren falling farther into debt. The Democrats have given up, saying that the only answer to excessive borrowing is more borrowing. Therefore, it is imperative that we move quickly and unite behind a plan to restore fiscal responsibility to Washington and renew the Age of America.

We look forward to working closely with you.

Sincerely,